MARCH 1984

Lawn&Garden Marketing

'Smarter Inventory'

Managing parts in the computer

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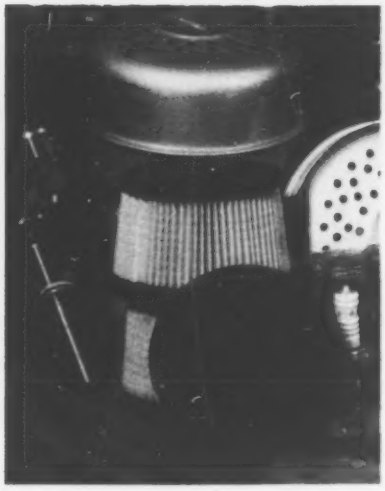
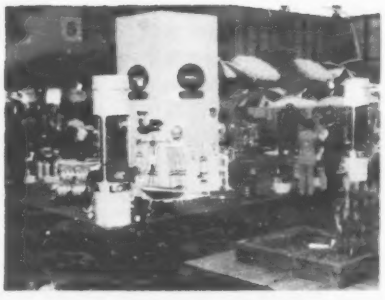


8 'Smarter Inventory' Gardner Inc. of Columbus, OH, manage over 63,000 parts with a computer. Although processing time is improved, compatibility between its and dealers' computers is sometimes a problem. Many view it as a first step.



36 Six trade associations sponsor GLEE A show run "by the trade for the trade," GLEE is one of England's largest lawn and garden shows. Located at Birmingham, in the heart of the English midlands, the show is gaining a truly international flavor.

8 'Smarter Inventory' A computer enables an Ohio distributor to keep track of inventory and to know which parts are slow- or fast-moving.

24 Lawn Service Contracting Over 5 million homes contract for lawn care. That means fewer fertilizer sales, fewer walk-in customers, fewer overall sales. From this threat springs an opportunity for retailers.

36 Six trade associations sponsor GLEE Featuring over 400 exhibitors and drawing over 9,000 people, GLEE is one of England's largest trade shows. Six sponsoring groups use marketing strategies and new features to keep interest high every year.

42 Louisville Expo gains support, sets seminar topics The Engine Services Assn. and the Outdoor Power Equipment Distributors Assn. have voted to endorse the new show. Seminar topics for the July expo include computers, merchandising and advertising.

46 Marketing Chemicals Step by Step Basic manufacturers, formulators, distributors and retailers all play a part in readying chemicals for the consumer market.

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Coming in April/May: Products for Fall Cleanup • Fall is for Planting: the Third Year • Growing the Market II • ABCs of Growing Media • Bird feeder sales increasing

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LAWN Service Contracting

Threat or opportunity for retailers?

There is continued growth and change in this business, including involvement by True Value hardware stores.

By Steven Trusty

■How were your 1983 fertilizer sales compared to 1982? Do you feel you have lost any business to the lawn care contracting companies? Don Arenberg, president of Agro-Chem Inc. of Franklin Park, IL, says that many retailers can look at the service business as a threat. Heavy marketing by spray companies is taking away the over-the-counter fertilizer sales. Without the fertilizer sales the retailer is losing walk-in traffic. With the loss of walk-in traffic, add-on sales are lost. Prestige can also be lost. Arenberg reported he has received calls from some dealers who feel they are losing up to 80 percent of their over-the-counter fertilizer sales to lawn care companies.

On the other side of that coin, he goes on to say, "There is a real opportunity for those who want to go after it." Arenberg states that Chem-Lawn (the industry leader in dollar sales) "has done a beautiful job of educating the public on having a professional lawn care service." Chem-Lawn sales now top $228 million.

The lawn care market

According to Publisher John Wickersham in an article for *Grounds Maintenance* magazine, "It has been estimated that nationally more than 5 million homes currently contract for lawn care services at an average annual cost of $170." This amounts to about 20 percent of the total available market at this time. "More than 20 million do-it-yourselfers have large enough yards and sufficient family income to be included as potential converts to chemical lawn care." This computes to a $4.25 billion potential market. "Continued industry growth will depend on...the lawn care operator's increased knowledge of how to efficiently maintain healthy lawns, but also on his ability to run his business profitably—his business acumen," according to Wickersham.

With that kind of market potential, should today's retailers consider entering the market? Jim FitzGibbon, president of Lakeshore Equipment and Supply Co., says "The local nursery or retail garden center is a natural for establishing a lawn care business." He already is recognized in the area and has the credibility. He also has stability. He has been in the area for some time and is expected to be around for some time in the future.

Lakeshore Equipment recognized a need by many independent dealers to consider lawn care contracting as an opportunity for growth. Three years ago they started offering a complete program to interested retailers who wanted to set up a lawn care contracting department. There is no charge for this service.

LESCO's lawn service operation program is quite comprehensive. It includes product and equipment recommendations along with income and expense projections. The expense projections include materials, equipment and labor costs. The product recommendations include rate, coverage, yield and special notes and cautions. These recommendations are designed to cover five applications or rounds, point out special problems to watch for and suggest treatments should these problems arise.

The lawn care contracting department must be a separate profit center, FitzGibbon says. A management person must be in charge and everything must be done properly.

Lawn service not new

Campbell's Nursery of Lincoln, NE, got its start in the lawn service business. Bob Campbell started mowing Lincoln lawns in 1938. That business evolved into a full-time

Two shows: two stories

At a trade show LESCO tells attending retailers how to get into the lawn care business.

At consumer shows contract lawn care companies tell the public the advantages of their services. Using large trucks, such as shown above, to attract consumers in shopping malls and spring flower and garden shows, operators sign contracts on the spot.

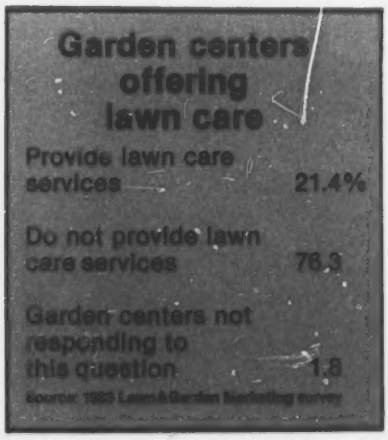
nursery and garden center operation that now has two locations. The lawn service business was de-emphasized over the years, but four or five years ago a real push was started in this area, Doug Campbell said.

Lawn care contracting has been a money maker for the company since then. Campbell's is not going to cut out that business, but is not going to emphasize it in 1984. The company decided to shift the effort that it had put into the lawn care business into its landscaping business.

Campbell's provides information for the do-it-yourselfer by offering a "Timetable for a Healthy Lawn." This gives a month-by-month approach to lawn care. The handout gives the consumer information on what to look for to maintain a healthy lawn. Campbell's also has knowledgeable people on its staff to follow up by answering customer's questions.

Campbell offers the following thoughts to those contemplating the lawn care business: the emphasis on personal communications is very important; there is plenty of business for those willing to go after it.

A large retail group is reported to be entering the lawn service business this year. Cotter and Co. is offering a "Green Thumb Professional Lawn Care Program" to the True-Value Hardware Stores in 1984. According to a mailing to members, Cotter and Co.'s representatives have researched the market and have investigated the professional lawn care industry. Upon their best judgement they say a member can receive a return of as much as 60.3 percent on an investment of $13,766. This investment includes professional training, equipment, materials, forms and brochures.


Garden centers offering lawn care
Provide lawn care services 21.4%
Do not provide lawn care services 78.3
Garden centers not responding to this question 1.8
Source: 1983 Lawn & Garden Marketing survey

According to Arenberg, "The customer wants the same type of personal service on his lawn as he does on his landscaping. He likes to feel his lawn is special and not receiving the identical service from the same truck as everyone else in the neighborhood."

The retailer should not let himself get into a situation in which he is competing on price. He should offer quality service. The householder's main interest is results; he wants a green lawn without problems. Good results and good merchandising can overcome most price resistance.

The retailer should heed the following advice:

1. Build an authoritative position.
2. Be knowledgeable.
3. Have an answer man.
4. Have the right products on hand.
5. Have rental equipment available for further assistance to professed do-it-yourselfers.

Who are the lawn care customers?

A major factor in the growth of professional lawn care operators is the increase in two-paycheck families. They can afford professional lawn care and prefer to keep their weekends free for recreation and relaxation. According to Don Newhart, product manager of Acme Lawn and Garden Div. of PBI-Gordon Corp., nearly 80 percent of these businesses are smaller, family-type firms.

During 1982 and 1983 several research studies were conducted for Mobay Chemical Corp. to obtain specific information regarding turf pests and products. One of these studies consisted of 505 telephone surveys completed by home owners who lived in surburban areas and had lawns ranging in size from 5,000 to 15,000 square feet. The surveys were designed so that they were conducted with the person responsible for making decisions regarding lawn care. (See accompanying table.)

Other opportunities

The lawn care contractor can be a threat to the retailer who ignores him or just worries about him. For the aggressive dealer who recognizes the opportunities, there are two ways to gain in the lawn care contracting business.

Responsible for making lawn care decisions

Source: Mobay Chemical Corp. Survey, 1983

The possibility already covered is for the retailer to go into the lawn care business. Another possibility is to cater to those people already in the business. Acme Lawn and Garden Products has been involved in supplying this industry for some time. Acme's studies have shown that a significant number of small to medium-sized lawn care contractors are not following the traditional channels of distribution. They are buying many of their needs from a nearby retailer (hardware stores, garden centers, farm stores). They are buying small amounts at a time and frequently paying cash.

Last year Acme introduced professional strength Dursban in half-gallon containers and professional strength Betasan and Weed-No-More in one-gallon containers. Acme perceives a need for these types of products and is expanding the line with the addition of a Turf Ester this year. Other products are being developed for subsequent introduction.

Another reason Acme is going after this market is that many of its commercial applicators who are making purchases at their local retailers do not want to be using the lawn products that the consumer can buy off the shelves. The consumer who is not sure whether to have the work done by a professional or to continue to do it himself is more likely to hire it done when he thinks the professional is using more sophisticated products.

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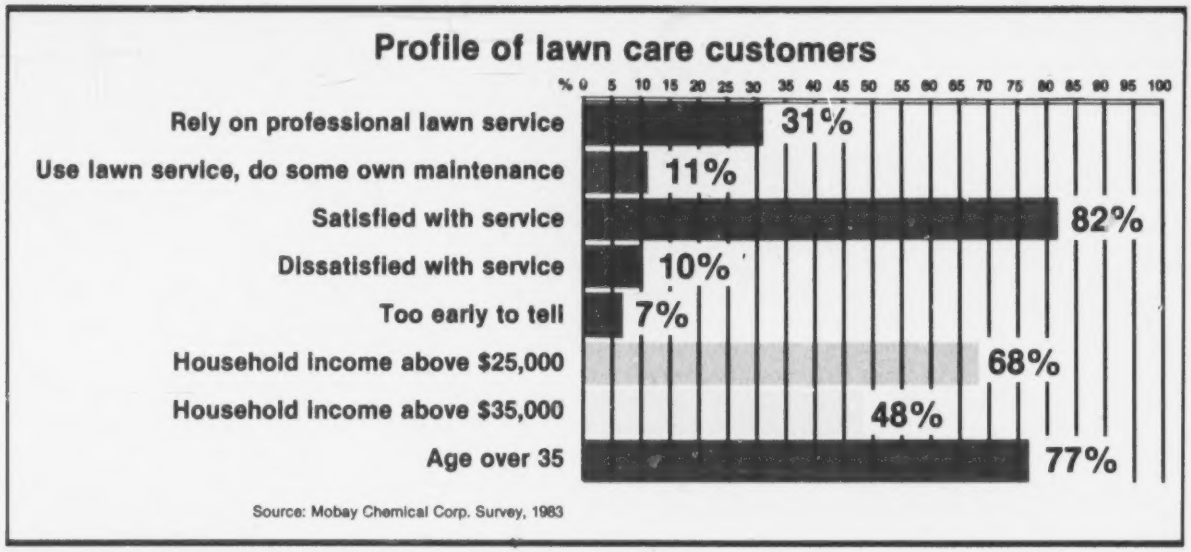

Lawn service ...continued

According to Newhart, the retailer who supplies chemicals and fertilizers to the lawn care contractors has the opportunity to sell him many other things, such as long-handled tools, sprayers and plant material if the contractor also does some landscaping. The retailer with repair facilities has another opportunity to cater to the lawn care contractor's needs.

All retailers can look at their business and market areas and decide on the best opportunities for them. Any threat can become an opportunity when viewed positively and acted upon accordingly.

15% of Gumpf's sales

Gumpf's Landscaping of Beaver Falls, PA, was started 27 years ago by landscape architect, Herbert Gumpf. Gumpf's has a garden center and nursery and has always been in landscape design and construction. When son Jim, also a landscape architect, came into the business full time, Gumpf's had an opportunity to expand. They were hearing complaints from customers about the service received from lawn care contractors. The customers wanted someone local who was familiar with their problems. They also expressed a desire to obtain complete service from one source. Since Gumpf's was already taking care of their landscape needs, why not add lawn care to their services?

According to Jim Gumpf, about five years ago they started with in-house people and a liquid program. They are now on a total granular program except for post-emergence weed control. Gumpf's has worked quite closely with LESCO Products in developing this program. A graduate agronomist from Penn State has been hired to manage the lawn service department. He spends about three-fourths of his time in the lawn service area and the rest of his time in the landscape construction department.

With the lawn service department, Gumpf's can offer full service to its customers. Employees can provide information and products to the people who want to do the work themselves, or they can do all the work for those who desire it. Gumpf says "We actually can treat a customer's lawn at less cost than he, himself, can when purchasing the products at retail."

Gumpf's standard plan is a five-application program. Customers are offered an optional four-application program, priced accordingly. The lawn service is flexible though; a customer can order any service done that he desires. Lawn mowing is available, if requested.

Gumpf's total business is broken down as follows: 50 percent garden center, 35 percent landscaping and 15 percent lawn care. Even though this firm is in a steel-producing area with 23 percent to 24 percent unemployment, its lawn service business doubled last year over the year before.

Gumpf says, "Almost 80 percent of the people are still working and have good jobs. We have to look at the opportunities for business. Those working want nice lawns, and they are willing to pay for service and results."

Because Gumpf's gives the customers what they want, it has lost very few accounts over the years. Gumpf also feels that more householders want to turn to a qualified local company. They want the feeling of being able to talk to the owner personally.

Gumpf cited advantages to adding the lawn care contracting to their established business. They make better use of help throughout the year. The cost of getting into the lawn service business was reduced by using on-hand equipment. As one example, they took a truck they already had and modified it for turf care. By having a turf specialist along with their other specialties, they can monitor, properly, the customers entire property. They can identify potential or developing problems. This generates more income and provides better customer service. □

A new publication, **Lawn Servicing,** *has been launched by Intertec Publishing Corp., which also publishes* **Lawn & Garden Marketing** *magazine.* **Lawn Servicing,** *to be published each spring and fall, is edited specifically for professional lawn care operators, full-service landscape contractors and mowing/maintenance contractors.*

Power Equipment Report

Vol. 5 No. 3 March 1984

NESDA surveys promotional practices

Servicing dealers see manufacturers' promotional practices eroding their slim profit margins, according to a NESDA survey. The survey was conducted during August and September 1983. Surveys were sent to 1,250 servicing dealers, and 20 percent responded.

Servicing dealers want local control of promotions, according to respondents. Supplier controlled promotions work to the advantage of the price-oriented marketer or department store, but to the disadvantage of the full-service dealer. The survey results suggest that the servicing dealer wants co-op promotions.

Some of the resondents' comments included:

- Supplier advertising should stress the benefits and quality of equipment.
- Dealers should control the deals.
- Supplier rebates should be to the dealer. The dealer should have the authority to determine the selling price and/or the promotional programs that best serve the local market needs.
- Supplier promotions should not compromise dealer profits. Present dealer profit margins are too small to allow for dealer subsidy of giveaways. The dealer should be allowed to decide the deal he can afford to offer.

Results of NESDA survey

Could a promotion that stresses quality and service at a fair price be as effective as free-goods, rebates and dollars-off?

Yes: 57% No: 37% Not sure: 6%

Have the free-goods promotions switched the consumer to the promoted brands?

Yes: 37% No: 55% Not sure: 8%

Do you think the pay-back warrants the paperwork and costs of the free goods promotions?

Yes: 16% No: 77% Not sure: 7%

Would you want to see free goods promotions repeated next year? If yes, which?

Yes: 51% No: 45% Not sure: 4%
Yes: rebates, 21%; free attachments, 30%;
Others: (trade-in promotion), 4%

Would you prefer to have suppliers emphasize the merits of their products in their ads rather than pushing free goods promotions?

Yes: 83% No: 8% Not sure: 2%
(Write-in ballots) Both: 7%

Are you willing to continue to contribute a share of the promotional costs?

Yes: 60% No: 31% Not sure: 9%

Yes breakdown: —by purchasing units at retail price, 16%;
—by accepting only partial refund of the cost of the free attachment, 35%;
—by paying a fixed sum up-front for advertising, 49%

Briggs & Stratton forms Electrical Products Div.

The Briggs & Stratton Corp. has announced plans to form an Electrical Products Div., which will be committed to the development and expansion of a permanent magnet motor market.

"With the advent of new technologies, we're seeing a lot of new opportunities for permanent magnet motors, especially in cases where reduction of size and weight are important," Cy Lyle, manager of the Electrical Products Div., said.

"The market for electric motors is not only expanding in terms of rotary mowers, but for applications such as vacuums, tillers, snow throwers, log splitters and other outdoor power equipment."

As a result of widespread interest in the industry, the company developed a 1000-watt, permanent magnet motor designed primarily for lawn mower application.

Briefs

The Lawn-Boy Product Group announced in February that it would move from Galesburg, IL, to Memphis, TN, in early March. Lawn-Boy opened a new manufacturing facility in the region, in Sardis, MS, in 1982.

The United States Patent and Trademark Office has granted Simplicity Mfg. Inc. a trademark for its Protector snowthrower cab. Made of the same heavy-gauge plastic used in jet fighter cockpit covers, the transparent cab provides 360-degree visibility. The cab fits current-production Simplicity two-stage snowthrowers.

Snapper Power Equipment has introduced a point-of-purchase program for its distributors and their dealers. It includes a mower literature rack, a point-of-purchase kit containing a full-line poster, pennant banner, mobile, calendar, open/closed sign, pens, pocket protectors and carton cutters.

Ariens dealer salespeople are competing for trips to Acapulco, Mexico, by selling the most Ariens products via the Ariens Power Charge (APC) consumer revolving charge plan. The APC A La Carte incentive program began March 1 and ends May 31. Winners will be announced in July.

Rotary Corp. of Glennville, GA, distributor of replacement parts, has opened a 24,000-sq-ft. office, warehouse and distribution center in Dallas. Clinton Smithson has been appointed general manager of the Texas Div.

Robert F. Robins has joined the Chain Saw Manufacturers Assn. as technical director. He worked for 13 years as chief engineer at the Hardwood Plywood Manufacturers Assn., where he was involved in the development of standards and product testing.

Bolens Corp. has launched a new line of lawn tractor, the Suburban Tractor, at its Port Washington facility. Its sales have increased enough that employees on layoff have been recalled and a second shift started to meet production requirements.